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DEPARTMENT OF COMMERCE

International Trade Administration

A-580-870

Certain Oil Country Tubular Goods from the Republic of Korea: Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) determines that imports of oil country tubular goods from the Republic of Korea are being sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The final weighted-average dumping margins of sales at LTFV are listed below in the section entitled “Final Determination Margins.”

DATES: EFFECTIVE DATE: [Insert date of publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Victoria Cho or Deborah Scott, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5075 or (202) 482-2657.

SUPPLEMENTARY INFORMATION:

Background

On February 25, 2014, the Department published in the *Federal Register* the preliminary determination in the LTFV investigation of OCTG from the Republic of Korea.¹ In the *Preliminary Determination*, we postponed the final determination until no later than 135 days

¹ See *Certain Oil Country Tubular Goods From the Republic of Korea: Negative Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination*, 79 FR 10480 (February 25, 2014) (*Preliminary Determination*).

after the publication of the *Preliminary Determination* in accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii) and invited parties to comment on our *Preliminary Determination*.

The following events occurred since the *Preliminary Determination* was issued. We issued supplemental sales and cost questionnaires to NEXTEEL Co. Ltd. (NEXTEEL), NEXTEEL's Korean customer and its U.S. subsidiary, NEXTEEL's hot-rolled supplier (POSCO), Hyundai HYSCO (HYSCO), Hyundai HYSCO USA (HHU) and HYSCO's U.S. customer. We received responses to these supplemental questionnaires in March and April 2014.

On March 26, 2014, and March 27, 2014, respectively, Husteel Co. Ltd. (Husteel), Iljin Steel Corporation (Iljin), NEXTEEL, HYSCO, SeAH Steel Corporation (SeAH), and the petitioners² requested that the Department hold a hearing in this investigation, which was held on June 26, 2014.

Between April 21, 2014, and June 4, 2014, the Department conducted sales and cost verifications of both respondents. See "Verification," *infra*. From June 18, 2014 through June 23, 2014, the petitioners, HYSCO, NEXTEEL, AJU Besteel Co. Ltd. (AJU Besteel), Husteel, Iljin, and SeAH submitted case and/or rebuttal briefs.

Period of Investigation

The period of investigation is July 1, 2012, through June 30, 2013.

Scope of the Investigation

The merchandise covered by this investigation is certain oil country tubular goods (OCTG), which are hollow steel products of circular cross-section, including oil well casing and

² Boomerang Tube, Energex Tube, a division of JMC Steel Group, Maverick Tube Corporation, Northwest Pipe Company, Tejas Tubular Products, TMK IPSCO, United States Steel Corporation, Vallourec Star, L.P., and Welded Tube USA Inc. (collectively, the petitioners).

tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (*e.g.*, whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of the investigation also covers OCTG coupling stock. For a complete description of the scope of the investigation, *see* Appendix I to this notice.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum³ which is hereby adopted by this notice. A list of the issues raised is attached to this notice as Appendix II. The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). IA ACCESS is available to registered users at <http://iaaccess.trade.gov> ; the memorandum is available to all parties in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Negative Final Determination of Critical Circumstances

In the *Preliminary Determination*, the Department found that critical circumstances did not exist for HYSCO and NEXTEEL nor for all other producers and exporters, in accordance

³ See Memorandum to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, from Christian Marsh, entitled "Issues and Decision Memorandum for the Final Affirmative Determination in the Less than Fair Value Investigation of Certain Oil Country Tubular Goods from the Republic of Korea" (Issues and Decision Memorandum), which is dated concurrently with and hereby adopted by this notice.

with section 733(e)(1) of the Act and 19 CFR 351.206(c)(1).⁴ Our analysis of the comments submitted by interested parties led us to affirm our findings from the *Preliminary Determination*. In accordance with section 735(a)(3) of the Act, we find that critical circumstances do not exist with respect to imports from HYSCO and NEXTEEL, and for all other producers or exporters of OCTG from the Republic of Korea.⁵

Verification

As provided in section 782(i) of the Act, in April 2014 through June 2014, we verified the sales and cost information submitted by NEXTEEL, NEXTEEL's Korean customer and its U.S. subsidiary, NEXTEEL's hot-rolled supplier (POSCO), HYSCO, HHU, and HYSCO's U.S. customer for use in our final determination. We used standard verification procedures including an examination of relevant accounting and production records, and original source documents provided by NEXTEEL, NEXTEEL's Korean customer and its U.S. subsidiary, NEXTEEL's hot-rolled supplier (POSCO), HYSCO, HHU, and HYSCO's U.S. customer.

Final Determination

The Department determines that the following weighted-average dumping margins exist for the period July 1, 2012, through June 30, 2013:

Exporter or Producer	Weighted-Average Dumping Margin
Hyundai HYSCO	15.75%
NEXTEEL Co. Ltd.	9.89%
All Others	12.82%

All Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated "all others" rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins

⁴ See *Preliminary Determination*, 79 FR 10480, 10481.

⁵ For a full description of the methodology and results of our analysis, see the Issues and Decision Memorandum.

established for exporters and producers individually investigated, excluding any zero or *de minimis* margins, and any margins determined entirely under section 776 of the Act. For the calculation of the dumping margin for all other producers and exporters, see the Memorandum to the File from Victoria Cho, International Trade Compliance Analyst, entitled, “Calculation of the Final Determination All-Others Rate,” dated concurrently with this notice.

Disclosure

We will disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of publication of this notice, in accordance with 19 CFR 351.224(b).

Suspension of Liquidation

Pursuant to section 735(c)(1)(B) and (C) of the Act, the Department will instruct U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of OCTG from the Republic of the Korea which were entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final determination. We will instruct CBP to require a cash deposit equal to the weighted-average amount by which normal value exceeds U.S. price, as follows: (1) the rates for NEXTEEL and HYSCO will be the rates we determined in this final determination; (2) if the exporter is not a firm identified in this investigation but the producer is, the rate will be the rate established for the producer of the subject merchandise; (3) the rate for all other producers or exporters will be 12.82 percent. These suspension of liquidation instructions will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we notified the U.S. International Trade Commission (ITC) of our final determination. As our final determination is affirmative, in

accordance with section 735(b)(3) of the Act, the ITC will determine within 75 days whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that such injury exists, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification to Importers

This notice serves as a final reminder to importers of their responsibility under 19 CFR 51.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

Return or Destruction of Proprietary Information

This notice will serve as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely written notification of the destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

Notification to Interested Parties

We are issuing and publishing this determination and notice in accordance with sections 735(d) and 777(i) of the Act.

Dated: July 10, 2014.

Ronald K. Lorentzen,
Acting Assistant Secretary,
for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise covered by the investigation is certain oil country tubular goods (OCTG), which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish (*e.g.*, whether or not plain end, threaded, or threaded and coupled) whether or not conforming to American Petroleum Institute (API) or non-API specifications, whether finished (including limited service OCTG products) or unfinished (including green tubes and limited service OCTG products), whether or not thread protectors are attached. The scope of the investigation also covers OCTG coupling stock.

Excluded from the scope of the investigation are: casing or tubing containing 10.5 percent or more by weight of chromium; drill pipe; unattached couplings; and unattached thread protectors.

The merchandise subject to the investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers: 7304.29.10.10, 7304.29.10.20, 7304.29.10.30, 7304.29.10.40, 7304.29.10.50, 7304.29.10.60, 7304.29.10.80, 7304.29.20.10, 7304.29.20.20, 7304.29.20.30, 7304.29.20.40, 7304.29.20.50, 7304.29.20.60, 7304.29.20.80, 7304.29.31.10, 7304.29.31.20, 7304.29.31.30, 7304.29.31.40, 7304.29.31.50, 7304.29.31.60, 7304.29.31.80, 7304.29.41.10, 7304.29.41.20, 7304.29.41.30, 7304.29.41.40, 7304.29.41.50, 7304.29.41.60, 7304.29.41.80, 7304.29.50.15, 7304.29.50.30, 7304.29.50.45, 7304.29.50.60, 7304.29.50.75, 7304.29.61.15, 7304.29.61.30, 7304.29.61.45, 7304.29.61.60, 7304.29.61.75, 7305.20.20.00, 7305.20.40.00, 7305.20.60.00, 7305.20.80.00, 7306.29.10.30, 7306.29.10.90, 7306.29.20.00, 7306.29.31.00, 7306.29.41.00, 7306.29.60.10, 7306.29.60.50, 7306.29.81.10, and 7306.29.81.50.

The merchandise subject to the investigation may also enter under the following HTSUS item numbers: 7304.39.00.24, 7304.39.00.28, 7304.39.00.32, 7304.39.00.36, 7304.39.00.40, 7304.39.00.44, 7304.39.00.48, 7304.39.00.52, 7304.39.00.56, 7304.39.00.62, 7304.39.00.68, 7304.39.00.72, 7304.39.00.76, 7304.39.00.80, 7304.59.60.00, 7304.59.80.15, 7304.59.80.20, 7304.59.80.25, 7304.59.80.30, 7304.59.80.35, 7304.59.80.40, 7304.59.80.45, 7304.59.80.50, 7304.59.80.55, 7304.59.80.60, 7304.59.80.65, 7304.59.80.70, 7304.59.80.80, 7305.31.40.00, 7305.31.60.90, 7306.30.50.55, 7306.30.50.90, 7306.50.50.50, and 7306.50.50.70.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

Case Issues:

General Issues

- Comment 1: Constructed Value Profit
- Comment 2: The Department Should Base Its Final Determination on an Objective Assessment of the Facts and Law
- Comment 3: Whether to Reject Certain Submissions Containing New Factual Information
- Comment 4: Denial of Offsets for Non-Dumped Sales With the Average-to-Transaction Method
- Comment 5: Application of the Average-to-Transaction Method to All U.S. Sales
- Comment 6: Differential Pricing Analysis: Thresholds for the Results of the Ratio Test
- Comment 7: Differential Pricing Analysis: Calculations of the Ratio Test

Issues Pertaining to HYSCO

- Comment 8: Basis for U.S. Price
- Comment 9: HYSCO's International Freight Expenses
- Comment 10: Application of Total or Partial Adverse Facts Available to HYSCO's Reported Costs
- Comment 11: HYSCO's Domestic Inland Freight Expenses
- Comment 12: Raw Material Transportation Costs Provided by HYSCO's Affiliate
- Comment 13: Rental Fees Paid to HYSCO's Affiliate
- Comment 14: HYSCO's Packing Expenses
- Comment 15: Whether to Reject One of HHU's Minor Corrections
- Comment 16: Whether to Allocate HHU's Property Taxes to OCTG Sales or Sales of All Products
- Comment 17: HYSCO's Warranty Expenses
- Comment 18: Treatment of HYSCO's Non-Prime Merchandise
- Comment 19: Adjustments to HYSCO's General and Administrative Expenses

Issues Pertaining to NEXTEEL

- Comment 20: Affiliation and Application of the Major Input Rule
- Comment 21: Propriety of Use of Adverse Facts Available for NEXTEEL
- Comment 22: NEXTEEL's Warranty Expenses
- Comment 23: NEXTEEL's Warehousing Expenses
- Comment 24: NEXTEEL's Direct Sales to U.S. Customers
- Comment 25: Alleged Middleman Dumping
- Comment 26: Date of Sale
- Comment 27: The Department Should Apply AFA to NEXTEEL's Direct Material Costs

- Comment 28: The Department Should Adjust NEXTEEL's Reported Data to Correct for the Unreconciled Difference
- Comment 29: The Department Should Exclude the Transferred Quantity of OCTG from NEXTEEL's Cost File
- Comment 30: The Department Should Increase NEXTEEL's TOTCOM for Costs Related to Test Production
- Comment 31: The Department Should Increase NEXTEEL's TOTCOM for Expenses Incurred by NEXTEEL's Wholly-Owned Subsidiary NEXTEEL QNT
- Comment 32: The Department Should Rely on Facts Available for NEXTEEL's Heat Treatment Costs
- Comment 33: The Department Erred in Adjusting NEXTEEL's Reported Costs for Apparent Minor Differences in Scrap Value
- Comment 34: The Department Should Accept NEXTEEL's Reported General and Administrative Expense Ratio Without Adjustment
- Comment 35: Miscellaneous Comments on the Department's Cost Verification Report

Issues Pertaining to Non-Selected Respondents

- Comment 36: Respondent Selection and Basis for the Weighted-Average Dumping Margin Assigned to Non-Selected Respondents
- Comment 37: Critical Circumstances
- Comment 38: Incorporating Arguments by Reference